

Patricia M. French
Senior Attorney



300 Friberg Parkway
Westborough, Massachusetts 01581
(508) 836-7394
(508) 836-7039 (facsimile)
pfrench@nisource.com

September 20, 2006

BY HAND DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-31

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's response to the following Information Request:

AG-2-7 (SUPPLEMENTAL RESPONSE)

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Paul Osborne (DTE)
A. John Sullivan (DTE)
Alexander Cochis, Assistant Attorney General (4 copies)
Charles Harak, Esq. (UWUA)
Nicole Horberg Decter, Esq. (USW)
Service List

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
SECOND SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D.T.E. 06-31

Date: September 20, 2006

Responsible: Stephen H. Bryant, President
As to objection: Legal Counsel

AG 2-7: For each of the years 2000 to 2005, please identify and produce a copy of the business plan for payment of the debt and related obligations to acquire Colombia Energy Group. If no business plan was created to pay the debt and related obligations, identify and produce all reports, memos or other documents that show the progress payment of the debt and related obligations.

RESPONSE: Objection. This question relating to other non-jurisdictional companies is irrelevant to this proceeding where Bay State's service quality on behalf of its customers and where the relationship between the jurisdictional company, Bay State, and its Parent, NiSource, is in issue. Moreover, the question is a fishing expedition into the affairs of non-jurisdictional companies since it requests information belonging to entities that have no demonstrated effect on Bay State service to its customers.

**SUPPLEMENTAL
RESPONSE:**

Please see Attachment AG 2-7 SUPPLEMENT for a schedule depicting the balance of the debt incurred by NiSource to acquire the Columbia Energy Group, covering the period November 1, 2000 through year end 2005.

NiSource Inc. and Subsidiaries
Interest on Acquisition Debt
For the Year Ended December 31, 2005

Bay State Gas Company
D.T.E. 06-31
Attachment AG 2-7 SUPPLEMENT
Page 1 of 2

Balance of Acquisition Indebtedness

	Short-term Borrowings ⁽¹⁾	SAILS Remarketed Nov 1, 2004	Issue Date Nov 10, 2000 3-Year Notes 7.5%	Issue Date Nov 10, 2000 5-Year Notes 7.625%	Issue Date Nov 10, 2000 10-Year Notes 7.875%	Issue Date Nov 10, 2000 5-Year Notes 7.625%	Issue Date April 6, 2001 2-Year Notes 5.75%	Issue Date July 21, 2003 11-Year Notes 5.40%	Issue Date Nov 4, 2003 3-Year Notes 3.20%	Issue Date Nov 4, 2003 18-Month Notes LIBOR + 75 bps	Issue Date Nov 1, 2004 2-Year Notes 3.628%	Issue Date Nov 23, 2004 5-Year Notes LIBOR + 57 bps	Issue Date Sep 16, 2005 12-Year Notes 5.25%	Issue Date Sep 16, 2005 15-Year Notes 5.45% ⁽²⁾	Total Acquisition Debt
Beginning Balance - November 1, 2000	4,144,501,483	114,402,141	0	0	0	0	0	0	0	0	0	0	0	0	4,258,903,624
Issue Term Notes - November 10, 2000	(2,650,000,000)	0	750,000,000	750,000,000	1,000,000,000	150,000,000	0	0	0	0	0	0	0	0	0
Issue Common Stock - November 27, 2000	(280,900,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	(280,900,000)
Ending Balance - December 31, 2000	1,213,601,483	114,402,141	750,000,000	750,000,000	1,000,000,000	150,000,000	0	0	0	0	0	0	0	0	3,978,003,624
Beginning Balance - January 1, 2001	1,213,601,483	114,402,141	750,000,000	750,000,000	1,000,000,000	150,000,000	0	0	0	0	0	0	0	0	3,978,003,624
Issue Term Notes - April 6, 2001	(300,000,000)	0	0	0	0	0	300,000,000	0	0	0	0	0	0	0	0
Ending Balance - December 31, 2001	913,601,483	114,402,141	750,000,000	750,000,000	1,000,000,000	150,000,000	300,000,000	0	0	0	0	0	0	0	3,978,003,624
Beginning Balance - January 1, 2002	913,601,483	114,402,141	750,000,000	750,000,000	1,000,000,000	150,000,000	300,000,000	0	0	0	0	0	0	0	3,978,003,624
Reduction Due to Asset Sales - April 30, 2002	(398,000,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	(398,000,000)
Reduction Due to Equity Offering - November 13, 2002	(515,601,483)	0	0	0	0	0	0	0	0	0	0	0	0	0	(515,601,483)
Ending Balance - December 31, 2002	0	114,402,141	750,000,000	750,000,000	1,000,000,000	150,000,000	300,000,000	0	0	0	0	0	0	0	3,064,402,141
Beginning Balance - January 1, 2003	0	114,402,141	750,000,000	750,000,000	1,000,000,000	150,000,000	300,000,000	0	0	0	0	0	0	0	3,064,402,141
Reduction Due to Debt Maturity - April 15, 2003	0	0	0	0	0	0	(300,000,000)	0	0	0	0	0	0	0	(300,000,000)
Issue Term Notes - July 21, 2003	0	0	0	0	0	0	0	500,000,000	0	0	0	0	0	0	500,000,000
Reduction Due to Debt Maturity - November 15, 2003	0	0	(750,000,000)	0	0	0	0	0	0	0	0	0	0	0	(750,000,000)
Issue Term Notes - November 4, 2003	0	0	0	0	0	0	0	0	250,000,000	0	0	0	0	0	250,000,000
Issue Term Notes - November 4, 2003	0	0	0	0	0	0	0	0	0	250,000,000	0	0	0	0	250,000,000
Ending Balance - December 31, 2003	0	114,402,141	0	750,000,000	1,000,000,000	150,000,000	0	500,000,000	250,000,000	250,000,000	0	0	0	0	3,014,402,141
Beginning Balance - January 1, 2004	0	114,402,141	0	750,000,000	1,000,000,000	150,000,000	0	500,000,000	250,000,000	250,000,000	0	0	0	0	3,014,402,141
Reduction Due to Debt Remarketing - November 1, 2004	0	(114,402,141)	0	0	0	0	0	0	0	0	0	0	0	0	(114,402,141)
Issue Remarketed Debenture - November 1, 2004	0	0	0	0	0	0	0	0	0	0	144,385,578	0	0	0	144,385,578
Issue Term Notes - November 23, 2004	0	0	0	0	0	0	0	0	0	0	0	450,000,000	0	0	450,000,000
Reduction Due to Calling of Debt - December 10, 2004	0	0	0	0	0	0	0	0	0	(250,000,000)	0	0	0	0	(250,000,000)

NiSource Inc. and Subsidiaries
Interest on Acquisition Debt
For the Year Ended December 31, 2005

Bay State Gas Company
D.T.E. 06-31
Attachment AG 2-7 SUPPLEMENT
Page 2 of 2

Balance of Acquisition Indebtedness

	Short-term Borrowings ⁽¹⁾	SAILS Remarketed Nov 1, 2004	Issue Date Nov 10, 2000 3-Year Notes 7.5%	Issue Date Nov 10, 2000 5-Year Notes 7.625%	Issue Date Nov 10, 2000 10-Year Notes 7.875%	Issue Date Nov 10, 2000 5-Year Notes 7.625%	Issue Date April 6, 2001 2-Year Notes 5.75%	Issue Date July 21, 2003 11-Year Notes 5.40%	Issue Date Nov 4, 2003 3-Year Notes 3.20%	Issue Date Nov 4, 2003 18-Month Notes LIBOR + 75 bps	Issue Date Nov 1, 2004 2-Year Notes 3.628%	Issue Date Nov 23, 2004 5-Year Notes LIBOR + 57 bps	Issue Date Sep 16, 2005 12-Year Notes 5.25%	Issue Date Sep 16, 2005 15-Year Notes 5.45% ⁽²⁾	Total Acquisition Debt
Ending Balance - December 31, 2004	0	0	0	750,000,000	1,000,000,000	150,000,000	0	500,000,000	250,000,000	0	144,385,578	450,000,000	0	0	3,244,385,578
Beginning Balance - January 1, 2005	0	0	0	750,000,000	1,000,000,000	150,000,000	0	500,000,000	250,000,000	0	144,385,578	450,000,000	0	0	3,244,385,578
Issue Term Notes - September 16, 2005	0	0	0	0	0	0	0	0	0	0	0	0	450,000,000	450,000,000	900,000,000
Reduction Due to Debt Maturity - November 15, 2005	0	0	0	(750,000,000)	0	(150,000,000)	0	0	0	0	0	0	0	0	(900,000,000)
Ending Balance - December 31, 2005	0	0	0	0	1,000,000,000	0	0	500,000,000	250,000,000	0	144,385,578	450,000,000	450,000,000	450,000,000	3,244,385,578

Calculation of Interest Expense on Acquisition Indebtedness

For the Year Ended December 31, 2005:

Interest on Term Notes	0	0	0	50,039,063	78,750,000	10,007,813	0	27,000,000	8,000,000	0	5,238,309	17,644,537	6,890,625	7,153,125	210,723,472
Booked Interest Expense on SAILS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Commercial Paper/Other Short-term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	50,039,063	78,750,000	10,007,813	0	27,000,000	8,000,000	0	5,238,309	17,644,537	6,890,625	7,153,125	210,723,472

⁽¹⁾ Includes commercial paper and bank facility borrowings
⁽²⁾ Actual debt issuance was for \$550M; however, only \$450M was required to refinance acquisition related debt.